12-607

OCD-ARTESIA

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NMOCD ARTESIA

Form 3160-3
(February 2005)

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31,2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No.
NM-0437524 & MN-02426

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA Agreement, Name and No.
N/A

1a Type of Work: [X] DRILL [ ] REENTER

1b Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

8. Lease Name and Well No.
Cerros "AQF" Federal Com. #2H C-19917

2. Name of Operator
Yates Petroleum Corporation 025575 2

9 API Well No
30-015-40767

3a. Address
105 South Fourth Street, Artesia, NM 88210

3b. Phone No. *(include area code)*
575-748-1471

10. Field and Pool, or Exploratory
Sand Tank; B.S. (96850)
~~Wildcat Bone Spring~~

4. Location of well *(Report location clearly and In accordance with any State requirements.*)*
At surface NON-STANDARD LOCATION
310' FNL & 810' FEL, NENE,Section 15-T18S-29E
At proposed prod. zone
330' FSL & 810' FEL, SESE,Section 15-T18S-R29E

11. Sec., T., R., M., or Blk And Survey or Area
Sec. 15-18S-29E

14. Distance in miles and direction from the nearest town or post office*
Approximately 6 miles south of Loco Hills, NM

12. County or Parish
Eddy

13. State
NM

15 Distance from proposed* location to nearest (Also to nearest drlg unit line, if any) **330'**

16. No. of acres in lease
NM87258 - 40
NM-0437524 400ac. & NM-02426 ~~200~~ac. 240

17. Spacing Unit dedicated to this well
N2S2-Sec.13-18S-29E

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft
Cerros AQF- Fed Com 1 is 180' away
3500' horizontal line.

19. Proposed Depth
6750' TVD & 11053' MD

20 BLM/ BIA Bond No on file
NATIONWIDE BOND #NMB000434

21 Elevations (Show whether DF, KDB, RT, GL, etc.)
3477 GL

22. Aproximate date work will start*
ASAP

23. Estimated duration
60 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1 shall be attached to this form:

1 Well plat certified by a registered surveyor.
2. ap
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by existing bond on file(see item 20 above)
5. Operator certification.
6. Such other site specific information and/ or plans as may be required by the BLM

25 Signature: Cy Cowan | Name *(Printed/ Typed)*: **Cy Cowan** | Date: **4/25/2012**

Title: **Land Regulatory Agent**

Approved By *(Signature)*: /s/ Don Peterson | Name *(Printed/ Typed)*: /s/ Don Peterson | Date: SEP 27 2012

Title: for FIELD MANAGER | Office: CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to cc operations thereon

Conditions of approval, if any, are attached.

Title 18 U S C Section 1001 and Title 43 U S.C Section 1212, make it a crime for any person knowingly and wilfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** (Instructions on page 2)*

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011

Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-40767	96832	Sand Tank ~~Wildcat~~ Bone Spring

Property Code	Property Name	Well Number
19991	CERROS AQF FEDERAL COM	2H
OGRID No.	**Operator Name**	**Elevation**
025575	YATES PETROLEUM CORP.	3477'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	15	18 S	29 E		310	NORTH	810	EAST	EDDY

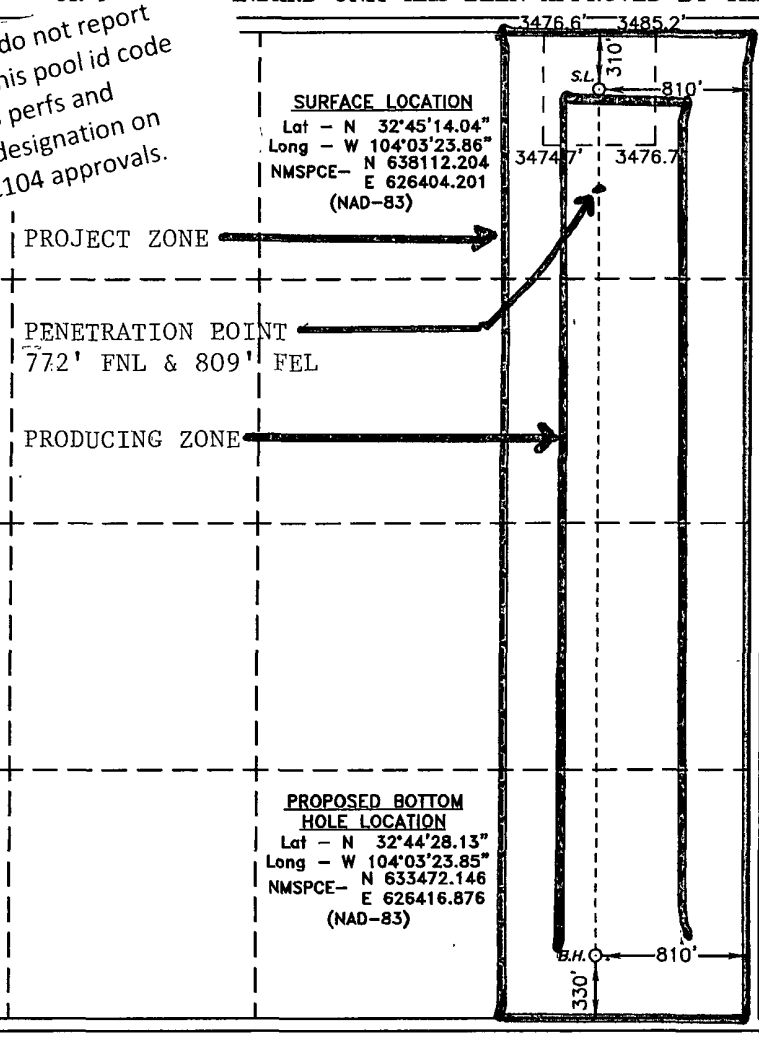
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	15	18 S	29 E		330	SOUTH	810	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

OPERATOR: Please do not report production under this pool id code until OCD confirms perfs and appropriate pool designation on completion and C104 approvals.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date 4/11/12

Cy Cowan
Printed Name

cy@yatespetroleum.com
Email Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

FEBRUARY 25, 2012
Date Surveyed

Signature & Seal of Professional Surveyor

NEW MEXICO 7977 REGISTERED PROFESSIONAL SURVEYOR

W.O. No. 26062

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 26062

CERTIFICATION
YATES PETROLEUM CORPORATION
Cerros "AQF" Federal Com. #2H

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 11th day of April, 2012.

Printed Name Cy Cowan

Signature

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone 575-748-4372

E-mail (optional) cy@yatespetroleum.com

Field Representative (if not above signatory) Tim Bussell

Address (if different from above) Same

Telephone (if different from above) 575-748-4221

YATES PETROLEUM CORPORATION
Cerros "AQE" Federal Com. #2H
310' FNL and 810' FEL, Section 15-18S-29E, Surface Hole Location
330' FSL and 810' FEL, Section 15-18S-29E, Bottom Hole Location
Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

FORMATION	DEPTH	FORMATION	VERTICAL DEPTH	MD DEPTH
Rustler	125'	Grayburg	2464'	
Top of Salt	495'	San Andres	2945'	
Base of Salt	885'	Bone Spring LM	3975'	
Tansill	925'	First Bone Springs	6545' Oil	6625'
Yates	1135'	Target FBSG(Lateral)	6615' Oil	6872'
Seven Rivers	1435'	TD (Lateral Hole)	6750'	11053'
Queen	2055' Oil/Gas			

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered.
Water: 100'
Oil or Gas: Zones: 2055'Oil/Gas, 2465' Oil, 6950' Oil, 7570' Oil &7980.

3. Pressure Control Equipment: 2000 PSI BOPE with a 13.625" opening will be installed on the 13.3/8" casing and pressure tested to 2000 PSI and held for 30 minutes before drilling out from under all casing strings, which are set and cemented in place. And a 5000 PSI BOPE with a 13.625 opening will be installed on the 9 5/8" casing and pressure tested to 5000 PSI and held for 30 minutes before drilling out from under all casing strings, which are set and cemented in place. Blowout Preventer controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

4. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment, and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when Kelly is not in use.

5. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

See COA

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
26"	20"	94#	H-40/J-55 Hybrid	ST&C	0-58'	58'
17 ½"	13 3/8"	48#	H-40	ST&C	0-400'	400'
12 ¼"	9 5/8"	36#	J-55/K-55	LT&C	0-3300'	3300'
8 ¾"	5 ½"	17#	L-80	LT&C	0-6138'	6138'
8 ½"	5 ½"	17#	L-80	Buttress	6138'-11053'	4915'

Minimum Casing Design Factors: Burst 1.0, Tensile 1.8, Collapse 1.125

B. CEMENTING PROGRAM:
Surface Casing: Cement with 415 sacks Class C with 2% CaCl (Yld 1.34 Wt. 14.80). Casing designed with 100% excess. TOC surface.

Intermediate Casing: Lead with 970 sacks of 35:65:6zP (Yld 2.02 Wt 12.50). Tail in with 200 sacks Class C with 2% CaCl2 (Yld. 1.34 Wt. 14.80). Cement designed with 100% excess. TOC surface .

Production Casing: Lead with 545 sacks 35:65:6zp (Yld 2.00 Wt. 12.50). Tail in with 200 sacks PecosVlLt with D112, D151,D174, D177, D800 and D46 (Yld 1.41 Wt. 13.00). Cement designed with 35% excess. TOC 2800'. * See COA

Well will be drilled vertically to 6138'. The well will then be kicked off at approximately 6138' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 6872' MD (6615' TVD), lateral will then be drilled with an 8 1/2" hole to 11053' MD (6750' TVD) where 5 1/2' will be run and cemented. Packer and ports will be utilized in the lateral. DV tool will be placed approximately 6865' and cemented 500' into intermediate at approximately 2800'. Penetration point of producing zone will encountered at 772' FNL and 809' FEL in Section 15-18S 29E. Deepest TVD in the well will be in the lateral at 6750' in the lateral.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

See COA

INTERVAL	TYPE	WEIGHT	VISCOSITY	FLUID LOSS
0-400'	Fresh Water Gel	8.50-9.20	33-36	N/C
400'-3300'	Brine Water	9.80-10.20	28	N/C
3300'-11053'	Cut Brine	8.70	28-36	N/C

Sufficient mud material(s) to maintain mud properties, control lost circulation and to contain a blowout will be available at the well site during drilling operations. Rig personnel will check mud hourly.

7. EVALUATION PROGRAM: * See COA

Samples: 30' Samples to 5000'. 10' Samples from 5000' to TD.
Logging: Platform Express/Hals/CMR. (ran to approximately 6500')
Coring: None anticipated
DST's: None Anticipated
Mudlogging: Yes. From Surface Casing to TD.

8. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Maximum Anticipated BHP:

0'-400'	191 PSI
400'-3300'	1750 PSI
3300'-6750'	3229 PSI

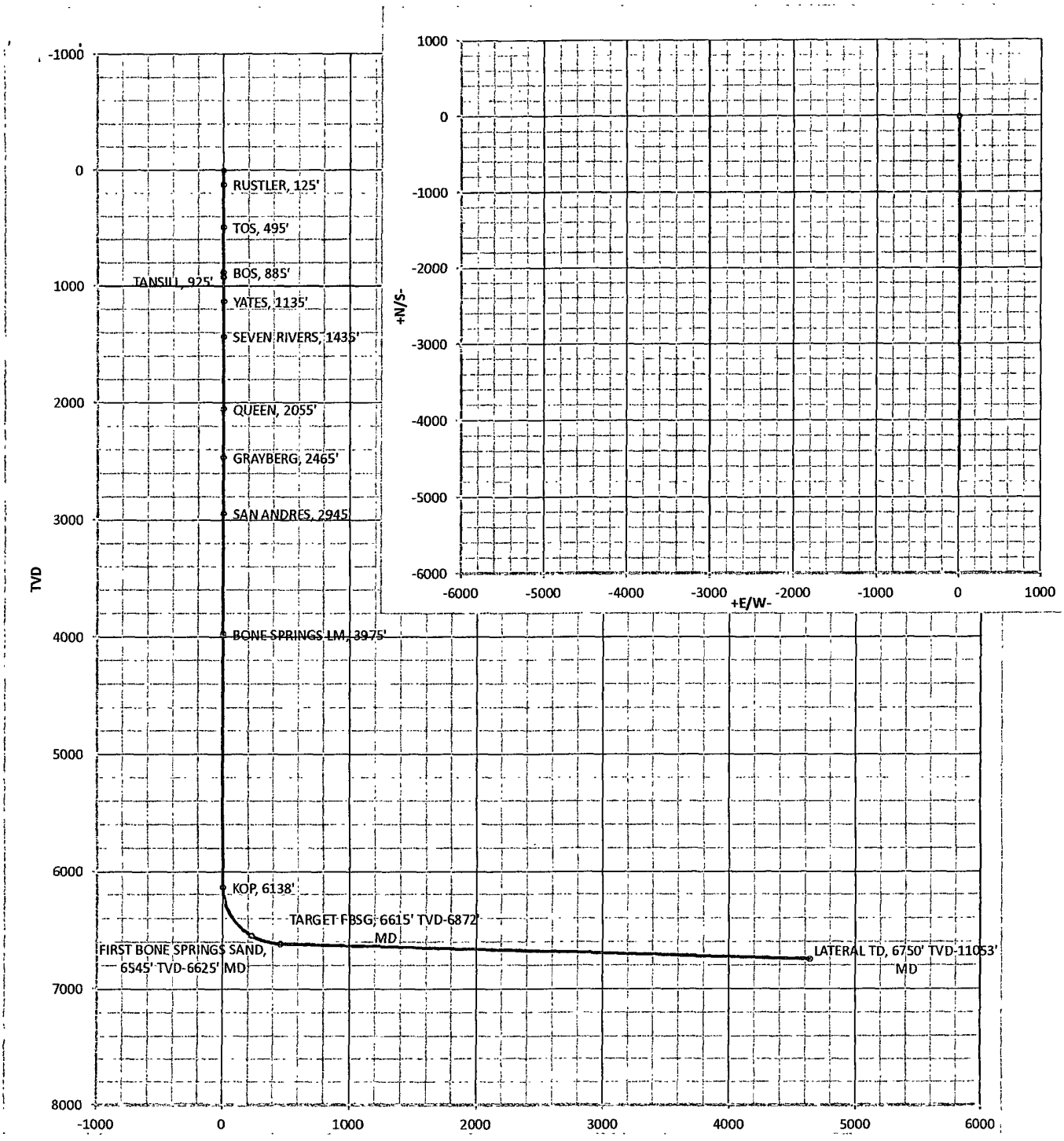
Abnormal Pressures Anticipated: None
Lost Circulation Zones Anticipated: None.
H2S Zones Anticipated: None Anticipated however H2s plan has been included just in case.
Maximum Bottom Hole Temperature: 155 F

9. ANTICIPATED STARTING DATE:
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 60 days to drill the well with completion taking another 20 days.

Co:	Yates Petroleum Corporation	**Units:**	Feet, °, °/100ft	**VS Az:**	179.84 **Method:** Minimum Curvature
Drillers:	0	**Elevation:**		**Map System:**	NAD83, St. Plane, Wyoming West
Well Name:	Cerros AQF Federal Com #2H	**Northing:**		**Latitude:**	
Location:	Sec. 15, 18S-29E	**Easting:**		**Longitude:**	

Yates Petroleum Corporation: Cerros AQF Fed Com #2H

No.	MD	CL	Inc.	Azi.	TVD	VS	+N/S-	+E/W-	BR	WR	DLS	Comments
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
1	125.00	125.00	0.00	0.00	125.00	0.00	0.00	0.00	0.00	0.00	0.00	RUSTLER, 125'
2	495.00	370.00	0.00	0.00	495.00	0.00	0.00	0.00	0.00	0.00	0.00	TOS, 495'
3	885.00	390.00	0.00	0.00	885.00	0.00	0.00	0.00	0.00	0.00	0.00	BOS, 885'
4	925.00	40.00	0.00	0.00	925.00	0.00	0.00	0.00	0.00	0.00	0.00	TANSILL, 925'
5	1135.00	210.00	0.00	0.00	1135.00	0.00	0.00	0.00	0.00	0.00	0.00	YATES, 1135'
6	1435.00	300.00	0.00	0.00	1435.00	0.00	0.00	0.00	0.00	0.00	0.00	SEVEN RIVERS, 1435'
7	2055.00	620.00	0.00	0.00	2055.00	0.00	0.00	0.00	0.00	0.00	0.00	QUEEN, 2055'
8	2465.00	410.00	0.00	0.00	2465.00	0.00	0.00	0.00	0.00	0.00	0.00	GRAYBERG, 2465'
9	2945.00	480.00	0.00	0.00	2945.00	0.00	0.00	0.00	0.00	0.00	0.00	SAN ANDRES, 2945'
10	3975.00	1030.00	0.00	0.00	3975.00	0.00	0.00	0.00	0.00	0.00	0.00	BONE SPRINGS LM, 397
11	6137.84	2162.84	0.00	179.84	6137.84	-0.01	0.01	0.00	0.00	2.93	0.00	KOP, 6138'
12	6200.00	62.17	7.46	179.84	6199.82	4.04	-4.04	0.01	12.00	0.00	12.00	
13	6300.00	100.00	19.46	179.84	6296.90	27.27	-27.27	0.07	12.00	0.00	12.00	
14	6400.00	100.00	31.46	179.84	6387.02	70.18	-70.18	0.19	12.00	0.00	12.00	
15	6500.00	100.00	43.46	179.84	6466.26	130.89	-130.89	0.36	12.00	0.00	12.00	
16	6600.00	100.00	55.46	179.84	6531.14	206.74	-206.74	0.56	12.00	0.00	12.00	
17	6625.45	25.45	58.51	179.84	6545.01	228.08	-228.08	0.62	12.00	0.00	12.00	FIRST BONE SPRINGS S
18	6700.00	74.55	67.46	179.84	6578.83	294.43	-294.43	0.80	12.00	0.00	12.00	
19	6800.00	100.00	79.46	179.84	6607.25	390.11	-390.11	1.07	12.00	0.00	12.00	
20	6872.42	72.42	88.15	179.84	6615.05	462.05	-462.04	1.26	12.00	0.00	12.00	TARGET FBSG, 6615' TV
21	11052.62	4180.21	88.15	179.84	6750.00	4640.07	-4640.06	12.68	0.00	0.00	0.00	LATERAL TD, 6750' TVD


RUSTLER, 125'
TOS, 495'
BOS, 885'
TANSILL, 925'
YATES, 1135'
SEVEN RIVERS, 1435'
QUEEN, 2055'
GRAYBERG, 2465'
SAN ANDRES, 2945'
BONE SPRINGS LM, 3975'
KOP, 6138'
TARGET FBSG, 6615' TVD-6872' MD
FIRST BONE SPRINGS SAND, 6545' TVD-6625' MD
LATERAL TD, 6750' TVD-11053' MD
TVD
+N/S-
+E/W-

Yates Petroleum Corp.

Eddy County (NAD 83)
Cerros AQF Federal Com
#2H

OH
Plan #1

Anticollision Report

04 April, 2012

PATHFINDER®
A Schlumberger Company

Company:	Yates Petroleum Corp.	**Local Co-ordinate Reference:**	Well #2H
Project:	Eddy County (NAD 83)	**TVD Reference:**	KB = @ 3495.0usft (Silver Oak 10)
Reference Site:	Cerros AQF Federal Com	**MD Reference:**	KB = @ 3495.0usft (Silver Oak 10)
Site Error:	0.0 usft	**North Reference:**	Grid
Reference Well:	#2H	**Survey Calculation Method:**	Minimum Curvature
Well Error:	0.0 usft	**Output errors are at**	2.00 sigma
Reference Wellbore	OH	**Database:**	EDM 5000.1 Single User Db
Reference Design:	Plan #1	**Offset TVD Reference:**	Offset Datum

Reference	Plan #1		
Filter type:	NO GLOBAL FILTER: Using user defined selection & filtering criteria		
Interpolation Method:	Stations	**Error Model:**	ISCWSA
Depth Range:	Unlimited	**Scan Method:**	Closest Approach 3D
Results Limited by:	Maximum center-center distance of 5,000.0 usft	**Error Surface:**	Elliptical Conic
Warning Levels Evaluated at:	2.00 **Sigma**	**Casing Method:**	Not applied

Survey Tool Program **Date** 4/4/2012

From (usft)	To (usft)	Survey (Wellbore)	Tool Name	Description
0.0	11,052.6	Plan #1 (OH)	MWD	MWD - Standard

Summary

Site Name / Offset Well - Wellbore - Design	Reference Measured Depth (usft)	Offset Measured Depth (usft)	Distance Between Centres (usft)	Distance Between Ellipses (usft)	Separation Factor	Warning
Cerros AQF Federal Com						
#1 - OH - OH	7,757.4	6,615.4	161.7	-342.7	0.321	Level 1, CC, ES, SF

Offset Design Cerros AQF Federal Com - #1 - OH - OH — **Offset Site Error:** 0.0 usft

Survey Program: 255-INC — **Offset Well Error:** 0.0 usft

Reference Measured Depth (usft)	Reference Vertical Depth (usft)	Offset Measured Depth (usft)	Offset Vertical Depth (usft)	Semi Major Axis Reference (usft)	Semi Major Axis Offset (usft)	Highside Toolface (°)	Offset Wellbore Centre +N/-S (usft)	Offset Wellbore Centre +E/-W (usft)	Distance Between Centres (usft)	Distance Between Ellipses (usft)	Minimum Separation (usft)	Separation Factor	Warning
0.0	0.0	0.0	0.0	0.0	0.0	173.00	-1,346.1	165.4	1,356.5				
100.0	100.0	65.7	65.7	0.1	1.6	173.00	-1,346.4	165.4	1,356.5	1,355.6	0.98	1,381.182	
200.0	200.0	173.2	173.2	0.3	4.2	173.00	-1,346.5	165.4	1,356.6	1,353.9	2.66	509.806	
283.1	283.1	255.0	255.0	0.5	6.2	173.00	-1,346.1	165.4	1,356.2	1,352.3	3.96	342.849	
300.0	300.0	258.7	258.7	0.5	6.5	173.00	-1,346.1	165.4	1,356.3	1,352.2	4.08	332.504	
400.0	400.0	371.1	371.1	0.8	14.5	173.00	-1,346.6	165.4	1,356.7	1,349.7	6.93	195.710	
497.9	497.9	468.0	467.9	1.0	21.4	173.00	-1,346.1	165.4	1,356.2	1,346.8	9.43	143.866	
500.0	500.0	468.0	467.9	1.0	21.4	173.00	-1,346.1	165.4	1,356.2	1,346.8	9.43	143.796	
600.0	600.0	563.5	563.4	1.2	33.3	173.00	-1,346.7	165.4	1,356.9	1,344.7	12.14	111.767	
700.0	700.0	669.1	669.0	1.4	46.5	173.00	-1,347.0	165.4	1,357.2	1,342.0	15.15	89.604	
800.0	800.0	774.7	774.6	1.7	59.6	173.00	-1,346.9	165.4	1,357.0	1,338.9	18.17	74.690	
900.0	900.0	910.0	909.6	1.9	76.5	173.00	-1,346.1	165.4	1,356.8	1,334.8	22.00	61.683	
1,000.0	1,000.0	976.5	976.1	2.1	85.2	172.99	-1,345.7	165.4	1,355.9	1,332.1	23.78	57.025	
1,100.0	1,100.0	1,072.7	1,072.2	2.3	97.8	172.99	-1,345.4	165.4	1,355.6	1,329.3	26.26	51.622	
1,158.4	1,158.4	1,128.8	1,128.3	2.5	105.2	172.99	-1,345.4	165.4	1,355.5	1,327.8	27.71	48.913	
1,200.0	1,200.0	1,168.9	1,168.4	2.6	110.5	172.99	-1,345.4	165.4	1,355.5	1,326.8	28.75	47.148	
1,300.0	1,300.0	1,265.1	1,264.6	2.8	123.1	172.99	-1,345.7	165.4	1,355.8	1,324.5	31.25	43.388	
1,400.0	1,400.0	1,379.5	1,378.7	3.0	136.6	172.99	-1,345.9	165.4	1,356.0	1,321.9	34.14	39.716	
1,500.0	1,500.0	1,470.9	1,470.0	3.2	144.3	172.99	-1,345.6	165.4	1,355.7	1,319.3	36.42	37.222	
1,500.6	1,500.6	1,471.4	1,470.6	3.2	144.4	172.99	-1,345.6	165.4	1,355.7	1,319.2	36.44	37.208	
1,600.0	1,600.0	1,562.2	1,561.4	3.5	152.1	172.99	-1,345.8	165.4	1,356.0	1,317.3	38.70	35.040	
1,700.0	1,700.0	1,671.7	1,670.8	3.7	158.2	173.00	-1,345.9	165.4	1,356.0	1,314.8	41.18	32.932	
1,708.4	1,708.4	1,679.6	1,678.8	3.7	158.6	173.00	-1,345.9	165.4	1,356.0	1,314.7	41.35	32.792	
1,800.0	1,800.0	1,774.0	1,773.1	3.9	162.8	173.00	-1,346.1	165.4	1,356.2	1,312.8	43.43	31.229	
1,810.6	1,810.6	1,778.6	1,777.7	3.9	163.0	173.00	-1,346.1	165.4	1,356.2	1,312.7	43.54	31.150	
1,900.0	1,900.0	1,869.2	1,868.3	4.1	166.4	173.00	-1,346.3	165.4	1,356.4	1,310.9	45.46	29.836	

CC - Min centre to center distance or covergent point, SF - min separation factor, ES - min ellipse separation

Company:	Yates Petroleum Corp.	**Local Co-ordinate Reference:**	Well #2H
Project:	Eddy County (NAD 83)	**TVD Reference:**	KB = @ 3495 0usft (Silver Oak 10)
Reference Site:	Cerros AQF Federal Com	**MD Reference:**	KB = @ 3495.0usft (Silver Oak 10)
Site Error:	0.0 usft	**North Reference:**	Grid
Reference Well:	#2H	**Survey Calculation Method:**	Minimum Curvature
Well Error:	0 0 usft	**Output errors are at**	2.00 sigma
Reference Wellbore	OH	**Database:**	EDM 5000.1 Single User Db
Reference Design:	Plan #1	**Offset TVD Reference:**	Offset Datum

Offset Design Cerros AQF Federal Com - #1 - OH - OH — Offset Site Error: 0 0 usft

Survey Program: 255-INC — Offset Well Error: 0 0 usft

Reference Measured Depth (usft)	Reference Vertical Depth (usft)	Offset Measured Depth (usft)	Offset Vertical Depth (usft)	Semi Major Axis Reference (usft)	Semi Major Axis Offset (usft)	Highside Toolface (°)	Offset Wellbore Centre +N/-S (usft)	Offset Wellbore Centre +E/-W (usft)	Distance Between Centres (usft)	Distance Between Ellipses (usft)	Minimum Separation (usft)	Separation Factor	Warning
2,000 0	2,000 0	1,970 5	1,969.7	4 4	170.2	173 00	-1,346 3	165 4	1,356 5	1,308.8	47.62	28.486	
2,100 0	2,100 0	2,071 9	2,071 0	4 6	174 0	173 00	-1,346 3	165 4	1,356 4	1,306 6	49 78	27 247	
2,200 0	2,200 0	2,173 2	2,172 3	4 8	177 9	173.00	-1,346 2	165 4	1,356 3	1,304.4	51 95	26.107	
2,231.4	2,231.4	2,205 0	2,204.1	4 9	179.1	173.00	-1,346 1	165 4	1,356 2	1,303 6	52 63	25 767	
2,300.0	2,300 0	2,266 1	2,265.2	5 0	182 3	173 00	-1,346 3	165 4	1,356.4	1,302 3	54 08	25 080	
2,400 0	2,400 0	2,368 6	2,367 6	5.3	188 3	173 00	-1,346 5	165 4	1,356 7	1,300 1	56 54	23 994	
2,500 0	2,500 0	2,471 0	2,470 0	5 5	194 3	173 00	-1,346 6	165 4	1,356 8	1,297 7	59 00	22 995	
2,600 0	2,600 0	2,573 4	2,572.4	5 7	200 3	173 00	-1,346 5	165 4	1,356 7	1,295 2	61 47	22 071	
2,700 0	2,700 0	2,675.8	2,674 8	5 9	206 2	173 00	-1,346.3	165 4	1,356 4	1,292 5	63 93	21 215	
2,800 0	2,800 0	2,773 1	2,772 1	6 2	212 2	173 00	-1,346 0	165 4	1,356 1	1,289 9	66 23	20 475	
2,900.0	2,900.0	2,871 5	2,870 5	6 4	218.6	173 00	-1,345 9	165.4	1,356 0	1,287 5	68 51	19 793	
2,932 5	2,932 5	2,903 5	2,902 5	6.5	220 7	173 00	-1,345 9	165 4	1,356 0	1,286 8	69 25	19 581	
3,000 0	3,000 0	2,970 0	2,968 9	6.6	225 0	173 00	-1,345 9	165 4	1,356 0	1,285 3	70 79	19 156	
3,100 0	3,100 0	3,088 0	3,086.9	6 8	232 6	173.00	-1,346.1	165 4	1,356 3	1,282 8	73 47	18 460	
3,140.1	3,140 1	3,111 2	3,110 1	6 9	234 0	173.00	-1,346.1	165 4	1,356 2	1,282 2	74 04	18 317	
3,200.0	3,200 0	3,171.1	3,170.0	7 1	237 4	173 00	-1,346.1	165.4	1,356 2	1,280.8	75 41	17 985	
3,300 0	3,300 0	3,271 1	3,270 0	7.3	243 3	173 00	-1,346 1	165.4	1,356 2	1,278 5	77 76	17 441	
3,400 0	3,400 0	3,371 1	3,370.0	7 5	249 1	173.00	-1,346 1	165 4	1,356 2	1,276 1	80 14	16 922	
3,500 0	3,500 0	3,471 1	3,470.0	7 7	254 9	173 00	-1,346 1	165 4	1,356 2	1,273.7	82 53	16 434	
3,600 0	3,600.0	3,571.1	3,570.0	8 0	260 8	173 00	-1,346 1	165 4	1,356 2	1,271 3	84 91	15 973	
3,656 1	3,656 1	3,627 2	3,626 1	8 1	264 0	173 00	-1,346 1	165 4	1,356 2	1,270 0	86 24	15.725	
3,700 0	3,700 0	3,668 4	3,667 2	8 2	266 5	173 00	-1,346 1	165 4	1,356 2	1,269 0	87 23	15 547	
3,800 0	3,800 0	3,769 8	3,768 7	8 4	273 1	173 00	-1,346 3	165.4	1,356 4	1,266.7	89 66	15.129	
3,900 0	3,900 0	3,871 3	3,870.1	8 6	279 7	173 00	-1,346 3	165 4	1,356.4	1,264 3	92 08	14 730	
4,000 0	4,000.0	3,972.8	3,971 6	8.9	286 3	173 00	-1,346 2	165 4	1,356 4	1,261 9	94 51	14 351	
4,100.0	4,100.0	4,074.0	4,072 8	9 1	292 9	173 00	-1,346 1	165 4	1,356 2	1,259 3	96 93	13 992	
4,200 0	4,200 0	4,172.7	4,171 5	9 3	299 2	173.00	-1,345 9	165 4	1,356 0	1,256 8	99 23	13 666	
4,300 0	4,300 0	4,271.4	4,270 2	9 5	305 6	172.99	-1,345 9	165 4	1,356 0	1,254.4	101 53	13 356	
4,312 7	4,312.7	4,284 0	4,282 7	9 6	306 4	172 99	-1,345 9	165 4	1,356 0	1,254 2	101 82	13 317	
4,400 0	4,400 0	4,370.1	4,368 8	9.8	312 0	173 00	-1,345 9	165.4	1,356 0	1,252 2	103 83	13 061	
4,500 0	4,500 0	4,468 8	4,467 5	10 0	318 4	173 00	-1,346 0	165 4	1,356 1	1,250 0	106 12	12 779	
4,600 0	4,600 0	4,571.3	4,570 0	10 2	324 6	173 00	-1,346 1	165.4	1,356 2	1,247 7	108 48	12 502	
4,700 0	4,700 0	4,671.3	4,670 0	10.4	330.4	173 00	-1,346 1	165 4	1,356 2	1,245 4	110 79	12.242	
4,800 0	4,800 0	4,771 3	4,770 0	10 7	336 2	173.00	-1,346 1	165 4	1,356 2	1,243 1	113 09	11 993	
4,900 0	4,900 0	4,871 3	4,870 0	10 9	342 0	173.00	-1,346 1	165 4	1,356 2	1,240 8	115 39	11 753	
5,000.0	5,000 0	4,971 4	4,970 0	11 1	347 9	173.00	-1,346.1	165 4	1,356 2	1,238 5	117 73	11 520	
5,100 0	5,100 0	5,071.4	5,070 0	11 3	353.7	173 00	-1,346.1	165 4	1,356 2	1,236.1	120 09	11 293	
5,200 0	5,200 0	5,171 4	5,170 0	11 6	359 6	173 00	-1,346.1	165.4	1,356 2	1,233 8	122 45	11 075	
5,300 0	5,300 0	5,271 4	5,270 0	11.8	365 4	173 00	-1,346.1	165.4	1,356 2	1,231 4	124 82	10 866	
5,400 0	5,400 0	5,364 4	5,362 9	12 0	371 8	173 00	-1,346 4	165 4	1,356 5	1,229 4	127 07	10.675	
5,500 0	5,500 0	5,468.1	5,466 6	12 2	379 9	173 00	-1,346 8	165 4	1,356 9	1,227.3	129 61	10 469	
5,600 0	5,600 0	5,571.7	5,570 3	12 5	388 0	173 00	-1,346 9	165 4	1,357 0	1,224 9	132 15	10 269	
5,700 0	5,700 0	5,675.4	5,673 9	12 7	396.1	173 00	-1,346 7	165 4	1,356.9	1,222 2	134 69	10 074	
5,800.0	5,800 0	5,779.0	5,777 6	12 9	404.1	173 00	-1,346 3	165 4	1,356 4	1,219 2	137 24	9.884	
5,900 0	5,900 0	5,871 6	5,870 0	13 1	412.5	173 00	-1,346 1	165.4	1,356.2	1,216 6	139 57	9.717	
6,000 0	6,000.0	5,971 6	5,970 0	13 4	422 3	173 00	-1,346.1	165 4	1,356 2	1,214 1	142 09	9 545	
6,100 0	6,100 0	6,092.0	6,090.3	13 6	434 1	173.00	-1,346 1	165.4	1,356 4	1,211 3	145 08	9.349	
6,137 8	6,137 8	6,114 0	6,112.3	13 7	435 9	173 00	-1,346 0	165 4	1,356 1	1,210.5	145 65	9 311	
6,150 0	6,150 0	6,125 5	6,123 8	13 7	436.9	-6 85	-1,346 0	165 4	1,355 9	1,209 7	146 27	9.270	
6,175.0	6,175 0	6,149 0	6,147 2	13 7	438 9	-6 88	-1,345 9	165 4	1,354 6	1,208.2	146 44	9 250	
6,200.0	6,199 8	6,172 3	6,170 6	13 8	440.9	-6.93	-1,345.9	165 4	1,352 0	1,205 7	146 34	9 238	
6,225.0	6,224 5	6,195 6	6,193 8	13 8	442 8	-7 00	-1,345 9	165 4	1,348 1	1,202 1	145 99	9.235	

CC - Min centre to center distance or covergent point, SF - min separation factor, ES - min ellipse separation

Company:	Yates Petroleum Corp.	**Local Co-ordinate Reference:**	Well #2H
Project:	Eddy County (NAD 83)	**TVD Reference:**	KB = @ 3495.0usft (Silver Oak 10)
Reference Site:	Cerros AQF Federal Com	**MD Reference:**	KB = @ 3495.0usft (Silver Oak 10)
Site Error:	0.0 usft	**North Reference:**	Grid
Reference Well:	#2H	**Survey Calculation Method:**	Minimum Curvature
Well Error:	0.0 usft	**Output errors are at**	2.00 sigma
Reference Wellbore	OH	**Database:**	EDM 5000.1 Single User Db
Reference Design:	Plan #1	**Offset TVD Reference:**	Offset Datum

Offset Design Cerros AQF Federal Com - #1 - OH - OH — Offset Site Error: 0.0 usft

Survey Program: 255-INC — Offset Well Error: 0.0 usft

Reference Measured Depth (usft)	Reference Vertical Depth (usft)	Offset Measured Depth (usft)	Offset Vertical Depth (usft)	Semi Major Axis Reference (usft)	Semi Major Axis Offset (usft)	Highside Toolface (°)	Offset Wellbore Centre +N/-S (usft)	Offset Wellbore Centre +E/-W (usft)	Distance Between Centres (usft)	Distance Between Ellipses (usft)	Minimum Separation (usft)	Separation Factor	Warning
6,250.0	6,249.0	6,218.6	6,216.9	13.9	444.8	-7.11	-1,345.9	165.4	1,343.0	1,197.6	145.38	9.238	
6,275.0	6,273.1	6,241.4	6,239.6	13.9	446.7	-7.24	-1,346.0	165.4	1,336.7	1,192.1	144.53	9.248	
6,300.0	6,296.9	6,278.0	6,276.2	13.9	449.8	-7.42	-1,346.1	165.4	1,329.2	1,185.3	143.87	9.238	
6,325.0	6,320.2	6,289.3	6,287.6	14.0	450.7	-7.60	-1,346.1	165.4	1,320.3	1,177.9	142.34	9.275	
6,350.0	6,343.1	6,312.6	6,310.8	14.0	452.5	-7.84	-1,346.2	165.4	1,310.2	1,169.2	141.02	9.291	
6,375.0	6,365.4	6,335.2	6,333.4	14.1	454.2	-8.11	-1,346.2	165.4	1,299.0	1,159.4	139.61	9.305	
6,400.0	6,387.0	6,357.2	6,355.4	14.1	456.0	-8.44	-1,346.2	165.4	1,286.7	1,148.5	138.19	9.311	
6,425.0	6,408.0	6,378.5	6,376.7	14.2	457.6	-8.82	-1,346.3	165.4	1,273.2	1,136.4	136.85	9.303	
6,450.0	6,428.2	6,399.1	6,397.3	14.2	459.2	-9.26	-1,346.3	165.4	1,258.7	1,123.0	135.71	9.275	
6,475.0	6,447.7	6,418.8	6,417.0	14.3	460.8	-9.78	-1,346.3	165.4	1,243.1	1,108.2	134.89	9.216	
6,500.0	6,466.2	6,437.7	6,435.9	14.4	462.2	-10.38	-1,346.3	165.4	1,226.5	1,091.9	134.59	9.113	
6,525.0	6,483.9	6,455.6	6,453.8	14.4	463.6	-11.08	-1,346.3	165.4	1,209.0	1,074.0	135.02	8.954	
6,550.0	6,500.7	6,472.6	6,470.8	14.5	464.9	-11.91	-1,346.3	165.4	1,190.6	1,054.2	136.46	8.725	
6,575.0	6,516.4	6,488.6	6,486.8	14.6	466.2	-12.89	-1,346.3	165.4	1,171.4	1,032.1	139.25	8.412	
6,600.0	6,531.1	6,503.5	6,501.7	14.7	467.4	-14.06	-1,346.3	165.4	1,151.4	1,007.6	143.80	8.007	
6,625.0	6,544.7	6,517.3	6,515.4	14.8	468.4	-15.46	-1,346.3	165.4	1,130.6	980.0	150.60	7.507	
6,650.0	6,557.3	6,529.9	6,528.1	15.0	469.4	-17.17	-1,346.3	165.4	1,109.2	948.9	160.26	6.921	
6,675.0	6,568.6	6,541.4	6,539.6	15.1	470.3	-19.27	-1,346.3	165.4	1,087.2	913.6	173.53	6.265	
6,700.0	6,578.8	6,551.7	6,549.9	15.2	471.1	-21.90	-1,346.3	165.4	1,064.6	873.2	191.36	5.563	
6,725.0	6,587.8	6,560.7	6,558.9	15.4	471.8	-25.24	-1,346.2	165.4	1,041.5	826.6	214.94	4.846	
6,750.0	6,595.5	6,568.5	6,566.7	15.6	472.4	-29.58	-1,346.2	165.4	1,018.0	772.2	245.80	4.142	
6,775.0	6,602.0	6,575.1	6,573.3	15.8	472.9	-35.30	-1,346.2	165.4	994.2	708.6	285.57	3.481	
6,800.0	6,607.2	6,580.3	6,578.5	16.0	473.3	-42.96	-1,346.2	165.4	970.1	634.7	335.33	2.893	
6,825.0	6,611.1	6,584.3	6,582.4	16.2	473.6	-53.21	-1,346.2	165.4	945.7	552.5	393.20	2.405	
6,850.0	6,613.8	6,586.9	6,585.1	16.4	473.9	-66.46	-1,346.2	165.4	921.3	471.5	449.77	2.048	
6,872.4	6,615.0	6,588.1	6,586.3	16.6	473.9	-80.42	-1,346.2	165.4	899.3	415.5	483.73	1.859	
6,900.0	6,615.9	6,589.0	6,587.2	16.8	474.0	-80.72	-1,346.2	165.4	872.1	387.7	484.46	1.800	
7,000.0	6,619.1	6,592.1	6,590.3	17.8	474.3	-81.79	-1,346.2	165.4	774.1	287.0	487.09	1.589	
7,100.0	6,622.4	6,595.2	6,593.4	19.0	474.5	-82.87	-1,346.2	165.4	676.7	187.0	489.68	1.382	Level 3
7,200.0	6,625.6	6,598.3	6,596.5	20.2	474.7	-83.95	-1,346.2	165.4	580.1	87.9	492.20	1.179	Level 2
7,300.0	6,628.8	6,601.4	6,599.5	21.5	475.0	-85.04	-1,346.2	165.4	484.9	-9.7	494.65	0.980	Level 1
7,400.0	6,632.1	6,604.4	6,602.6	22.9	475.2	-86.12	-1,346.2	165.4	392.1	-104.9	496.99	0.789	Level 1
7,500.0	6,635.3	6,607.5	6,605.7	24.4	475.5	-87.21	-1,346.2	165.4	303.9	-195.4	499.22	0.609	Level 1
7,600.0	6,638.5	6,610.6	6,608.8	25.8	475.7	-88.29	-1,346.2	165.4	225.6	-275.7	501.33	0.450	Level 1
7,700.0	6,641.7	6,613.6	6,611.8	27.4	475.9	-89.37	-1,346.2	165.4	171.6	-331.7	503.29	0.341	Level 1
7,757.4	6,643.6	6,615.4	6,613.6	28.3	476.1	-90.00	-1,346.2	165.4	161.7	-342.7	504.36	0.321	Level 1, CC, ES, SF
7,800.0	6,645.0	6,616.7	6,614.9	29.0	476.2	-90.46	-1,346.2	165.4	167.2	-337.9	505.12	0.331	Level 1
7,900.0	6,648.2	6,619.7	6,617.9	30.6	476.4	-91.53	-1,346.2	165.4	215.5	-291.2	506.79	0.425	Level 1
8,000.0	6,651.4	6,622.8	6,621.0	32.2	476.7	-92.61	-1,346.1	165.4	291.5	-216.9	508.31	0.573	Level 1
8,100.0	6,654.7	6,625.8	6,624.0	33.8	476.9	-93.68	-1,346.1	165.4	378.7	-131.0	509.68	0.743	Level 1
8,200.0	6,657.9	6,628.8	6,627.0	35.5	477.1	-94.74	-1,346.1	165.4	471.0	-39.9	510.88	0.922	Level 1
8,300.0	6,661.1	6,631.8	6,630.0	37.2	477.4	-95.80	-1,346.1	165.4	565.9	54.0	511.93	1.106	Level 2
8,400.0	6,664.3	6,634.8	6,633.0	38.9	477.6	-96.85	-1,346.1	165.4	662.3	149.5	512.81	1.292	Level 3
8,500.0	6,667.6	6,637.9	6,636.0	40.6	477.8	-97.90	-1,346.1	165.4	759.7	246.1	513.54	1.479	Level 3
8,600.0	6,670.8	6,640.8	6,639.0	42.3	478.1	-98.94	-1,346.1	165.4	857.6	343.5	514.11	1.668	
8,700.0	6,674.0	6,643.8	6,642.0	44.0	478.3	-99.97	-1,346.1	165.4	955.9	441.4	514.53	1.858	
8,800.0	6,677.3	6,646.8	6,645.0	45.8	478.5	-100.99	-1,346.1	165.4	1,054.6	539.8	514.79	2.049	
8,900.0	6,680.5	6,650.0	6,648.1	47.5	478.8	-102.04	-1,346.1	165.4	1,153.5	638.6	514.84	2.240	
9,000.0	6,683.7	6,650.0	6,648.1	49.2	478.8	-102.04	-1,346.1	165.4	1,252.5	736.0	516.56	2.425	
9,100.0	6,686.9	6,650.0	6,648.1	51.0	478.8	-102.04	-1,346.1	165.4	1,351.7	833.4	518.28	2.608	
9,200.0	6,690.2	6,650.0	6,648.1	52.8	478.8	-102.04	-1,346.1	165.4	1,451.0	931.0	520.01	2.790	
9,300.0	6,693.4	6,650.0	6,648.1	54.5	478.8	-102.04	-1,346.1	165.4	1,550.4	1,028.7	521.74	2.972	

Company:	Yates Petroleum Corp.	**Local Co-ordinate Reference:**	Well #2H
Project:	Eddy County (NAD 83)	**TVD Reference:**	KB = @ 3495.0usft (Silver Oak 10)
Reference Site:	Cerros AQF Federal Com	**MD Reference:**	KB = @ 3495.0usft (Silver Oak 10)
Site Error:	0.0 usft	**North Reference:**	Grid
Reference Well:	#2H	**Survey Calculation Method:**	Minimum Curvature
Well Error:	0.0 usft	**Output errors are at**	2.00 sigma
Reference Wellbore	OH	**Database:**	EDM 5000.1 Single User Db
Reference Design:	Plan #1	**Offset TVD Reference:**	Offset Datum

Offset Design Cerros AQF Federal Com - #1 - OH - OH — Offset Site Error: 0.0 usft

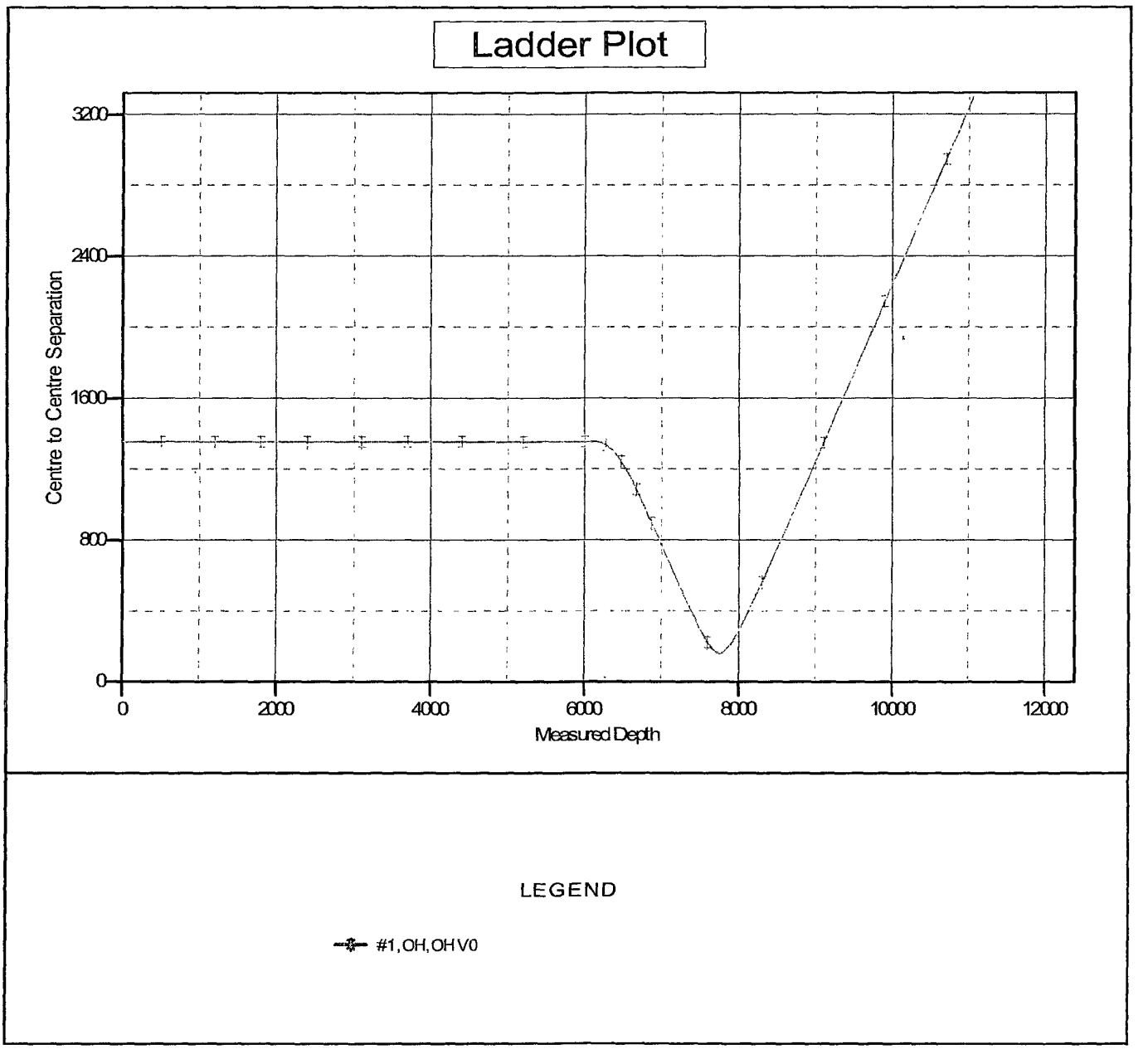
Survey Program: 255-INC — Offset Well Error: 0.0 usft

Reference Measured Depth (usft)	Reference Vertical Depth (usft)	Offset Measured Depth (usft)	Offset Vertical Depth (usft)	Semi Major Axis Reference (usft)	Semi Major Axis Offset (usft)	Highside Toolface (°)	Offset Wellbore Centre +N/-S (usft)	Offset Wellbore Centre +E/-W (usft)	Distance Between Centres (usft)	Distance Between Ellipses (usft)	Minimum Separation (usft)	Separation Factor	Warning
9,400.0	6,696.6	6,650.0	6,648.1	56.3	478.8	-102.04	-1,346.1	165.4	1,649.9	1,126.4	523.47	3.152	
9,500.0	6,699.9	6,650.0	6,648.1	58.1	478.8	-102.04	-1,346.1	165.4	1,749.4	1,224.2	525.21	3.331	
9,600.0	6,703.1	6,650.0	6,648.1	59.8	478.8	-102.04	-1,346.1	165.4	1,849.0	1,322.0	526.96	3.509	
9,700.0	6,706.3	6,650.0	6,648.1	61.6	478.8	-102.04	-1,346.1	165.4	1,948.6	1,419.9	528.70	3.686	
9,800.0	6,709.6	6,650.0	6,648.1	63.4	478.8	-102.04	-1,346.1	165.4	2,048.2	1,517.8	530.45	3.861	
9,900.0	6,712.8	6,650.0	6,648.1	65.2	478.8	-102.04	-1,346.1	165.4	2,147.9	1,615.7	532.20	4.036	
10,000.0	6,716.0	6,650.0	6,648.1	67.0	478.8	-102.04	-1,346.1	165.4	2,247.6	1,713.7	533.96	4.209	
10,100.0	6,719.2	6,650.0	6,648.1	68.8	478.8	-102.04	-1,346.1	165.4	2,347.4	1,811.7	535.71	4.382	
10,200.0	6,722.5	6,650.0	6,648.1	70.6	478.8	-102.04	-1,346.1	165.4	2,447.1	1,909.7	537.47	4.553	
10,300.0	6,725.7	6,650.0	6,648.1	72.4	478.8	-102.04	-1,346.1	165.4	2,546.9	2,007.7	539.23	4.723	
10,400.0	6,728.9	6,650.0	6,648.1	74.2	478.8	-102.04	-1,346.1	165.4	2,646.7	2,105.7	541.00	4.892	
10,500.0	6,732.2	6,650.0	6,648.1	76.0	478.8	-102.04	-1,346.1	165.4	2,746.5	2,203.8	542.76	5.060	
10,600.0	6,735.4	6,650.0	6,648.1	77.8	478.8	-102.04	-1,346.1	165.4	2,846.4	2,301.8	544.53	5.227	
10,700.0	6,738.6	6,650.0	6,648.1	79.6	478.8	-102.04	-1,346.1	165.4	2,946.2	2,399.9	546.29	5.393	
10,800.0	6,741.8	6,650.0	6,648.1	81.4	478.8	-102.04	-1,346.1	165.4	3,046.0	2,498.0	548.06	5.558	
10,900.0	6,745.1	6,650.0	6,648.1	83.2	478.8	-102.04	-1,346.1	165.4	3,145.9	2,596.1	549.83	5.722	
11,000.0	6,748.3	6,650.0	6,648.1	85.0	478.8	-102.04	-1,346.1	165.4	3,245.8	2,694.2	551.60	5.884	
11,052.6	6,750.0	6,650.0	6,648.1	85.9	478.8	-102.04	-1,346.1	165.4	3,298.3	2,745.7	552.54	5.969	

Company:	Yates Petroleum Corp.	**Local Co-ordinate Reference:**	Well #2H
Project:	Eddy County (NAD 83)	**TVD Reference:**	KB = @ 3495 0usft (Silver Oak 10)
Reference Site:	Cerros AQF Federal Com	**MD Reference:**	KB = @ 3495 0usft (Silver Oak 10)
Site Error:	0.0 usft	**North Reference:**	Grid
Reference Well:	#2H	**Survey Calculation Method:**	Minimum Curvature
Well Error:	0.0 usft	**Output errors are at**	2.00 sigma
Reference Wellbore	OH	**Database:**	EDM 5000.1 Single User Db
Reference Design:	Plan #1	**Offset TVD Reference:**	Offset Datum

Reference Depths are relative to KB = @ 3495.0usft (Silver Oak 10)
Offset Depths are relative to Offset Datum
Central Meridian is 104° 20' 0.000 W

Coordinates are relative to: #2H
Coordinate System is US State Plane 1983, New Mexico Eastern Zone
Grid Convergence at Surface is: 0.15°



Company:	Yates Petroleum Corp.	**Local Co-ordinate Reference:**	Well #2H
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Site Error:	0.0 usft	**North Reference:**	Grid
Reference Well:	#2H	**Survey Calculation Method:**	Minimum Curvature
Well Error:	0 0 usft	**Output errors are at**	2.00 sigma
Reference Wellbore	OH	**Database:**	EDM 5000.1 Single User Db
Reference Design:	Plan #1	**Offset TVD Reference:**	Offset Datum

Reference Depths are relative to KB = @ 3495.0usft (Silver Oak 10)	Coordinates are relative to: #2H
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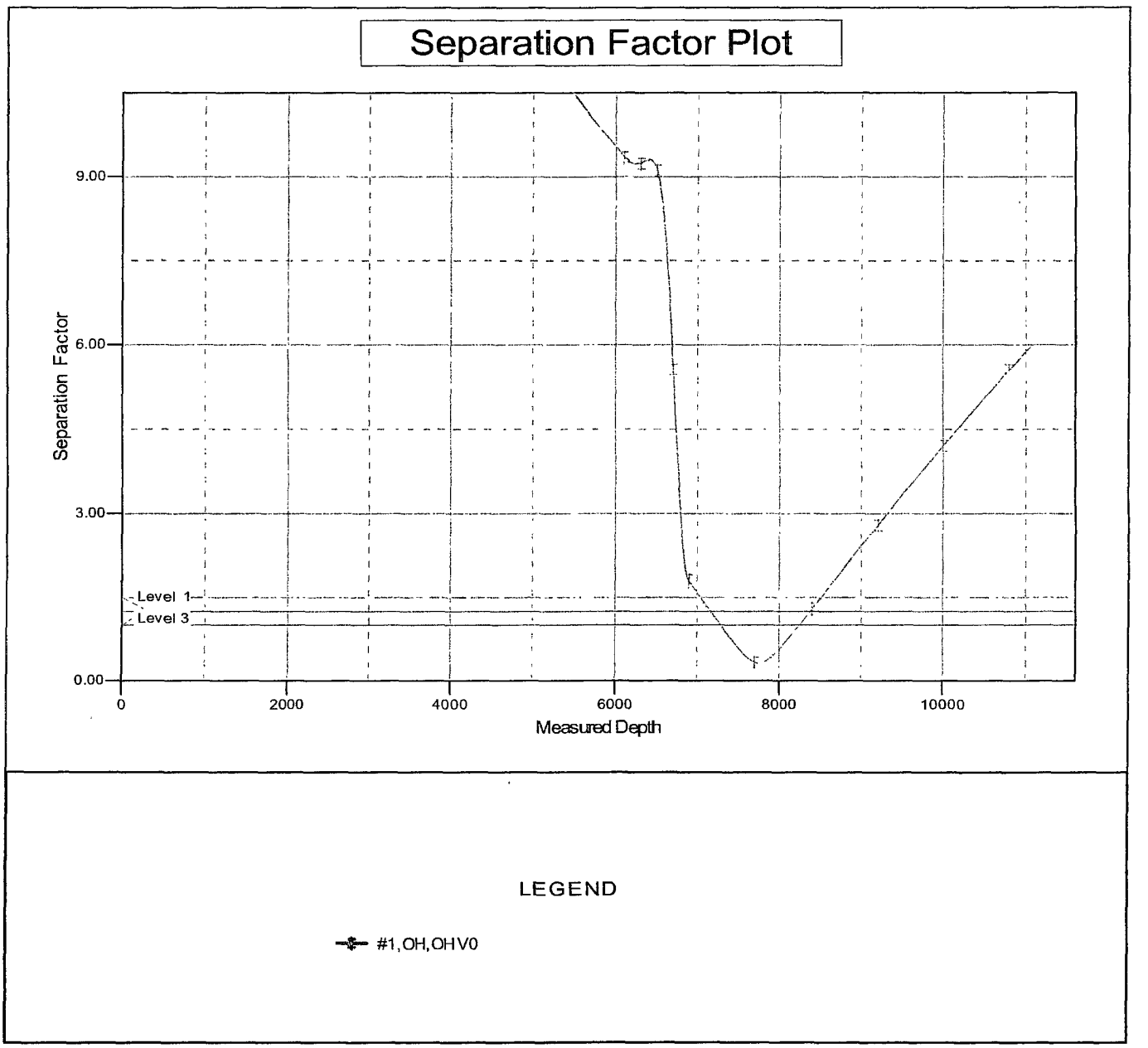
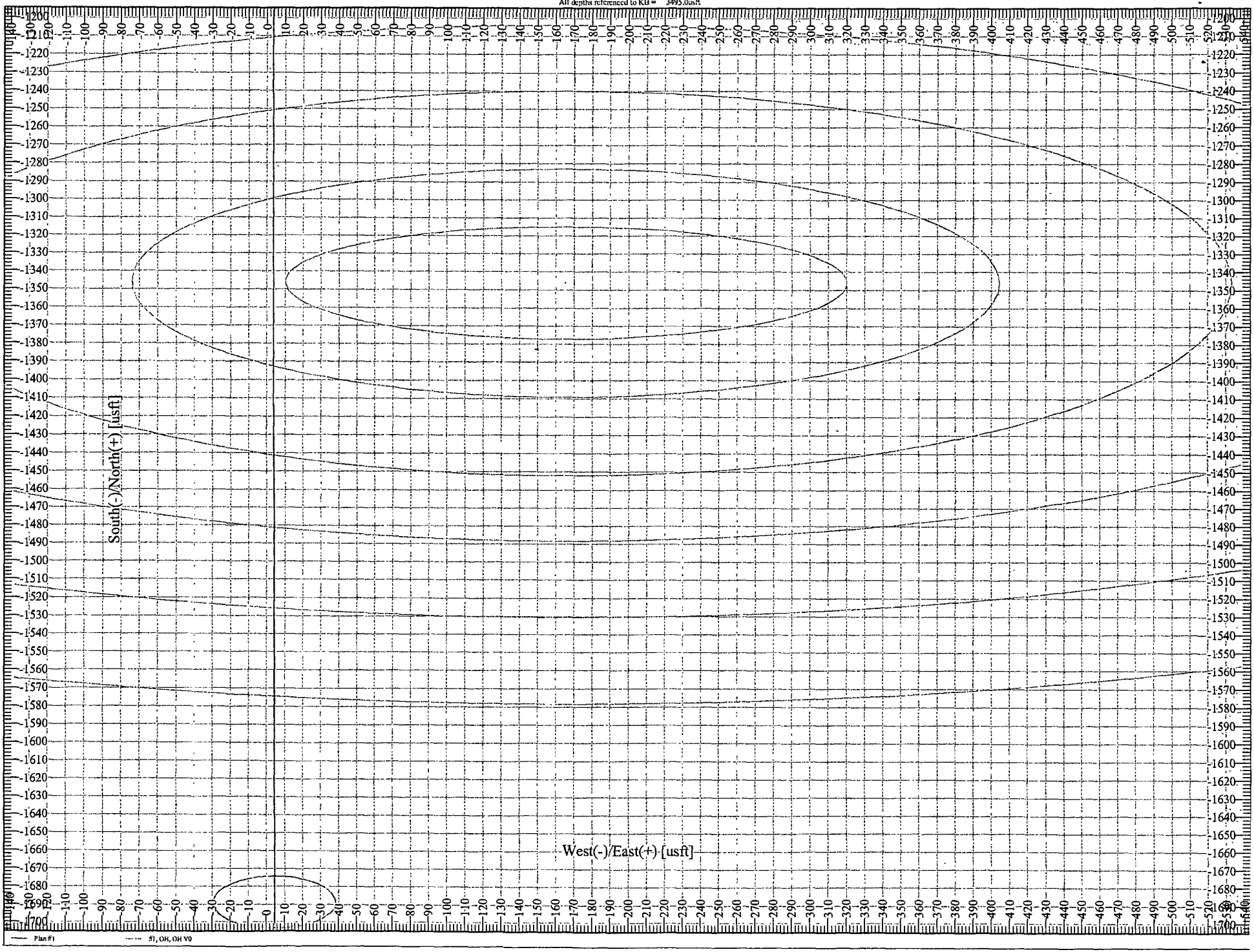
Central Meridian is 104° 20' 0.000 W	Grid Convergence at Surface is: 0.15°

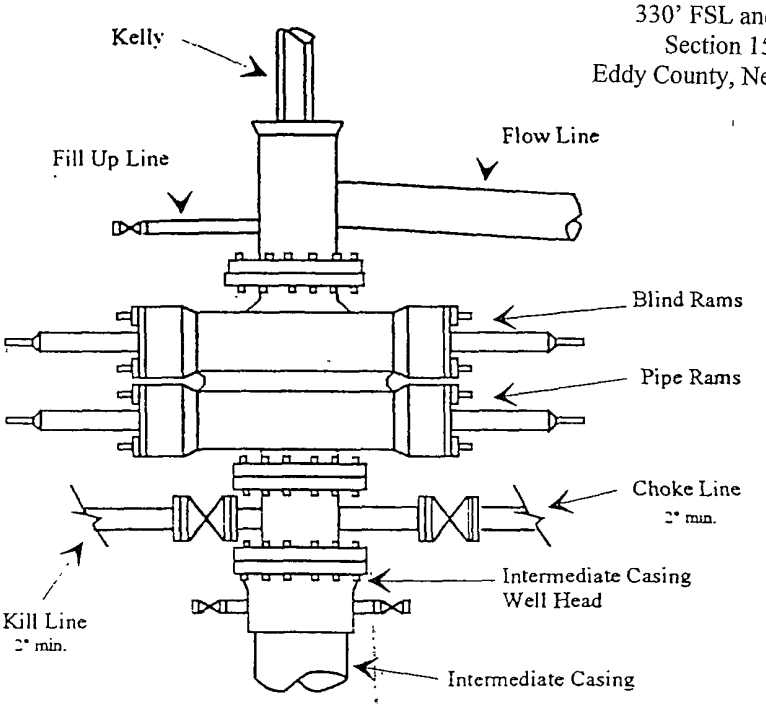



Eddy County (NAD 83) - Cerros AQF Federal Com
All depths referenced to KB = 3495.0usft
South(-)/North(+) [usft]
West(-)/East(+) [usft]
Plan#1
#1, OH, OH V0

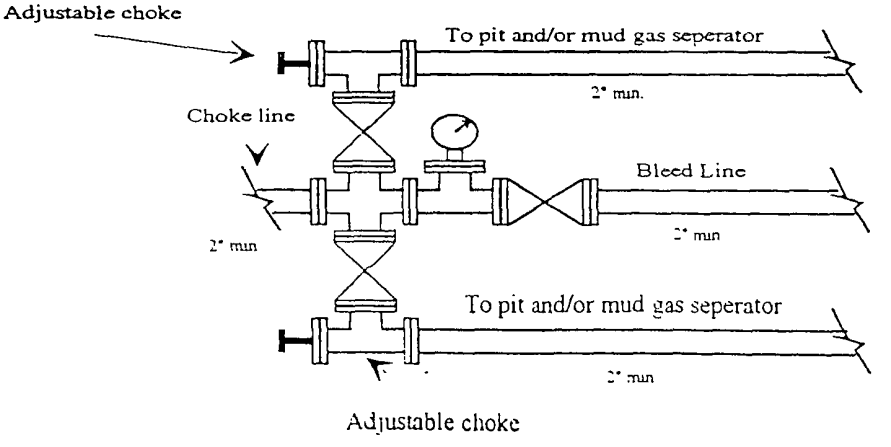
Yates Petroleum Corporation

Typical 2,000 psi Pressure System
Schematic
Double Ram Preventer Stack

YATES PETROLEUM CORPORATION
Cerros AQF Federal Com. #2H
310' FNL and 810' FEL SHL
330' FSL and 810' FEL BHL
Section 15, T18S-R29E
Eddy County, New Mexico Exhibit C



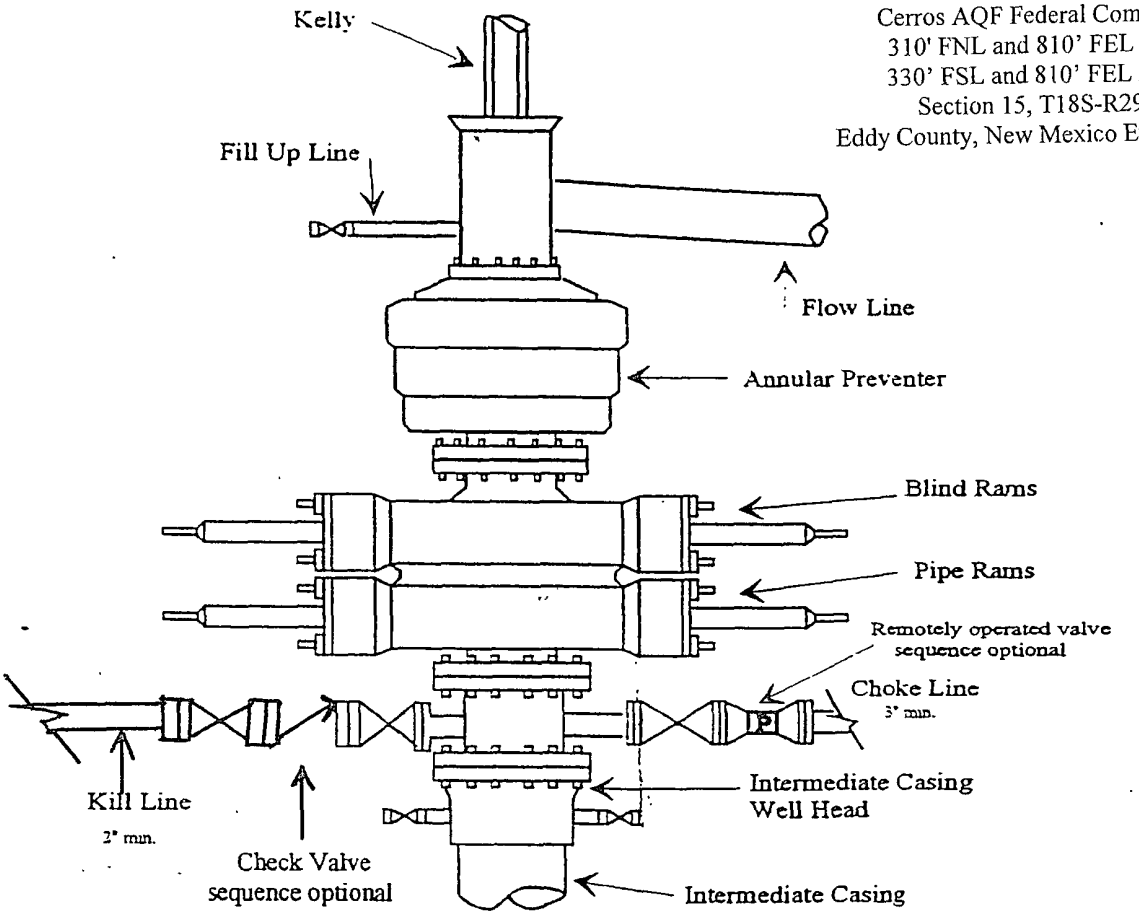
Typical 2,000 psi choke manifold assembly with at least these minimun features



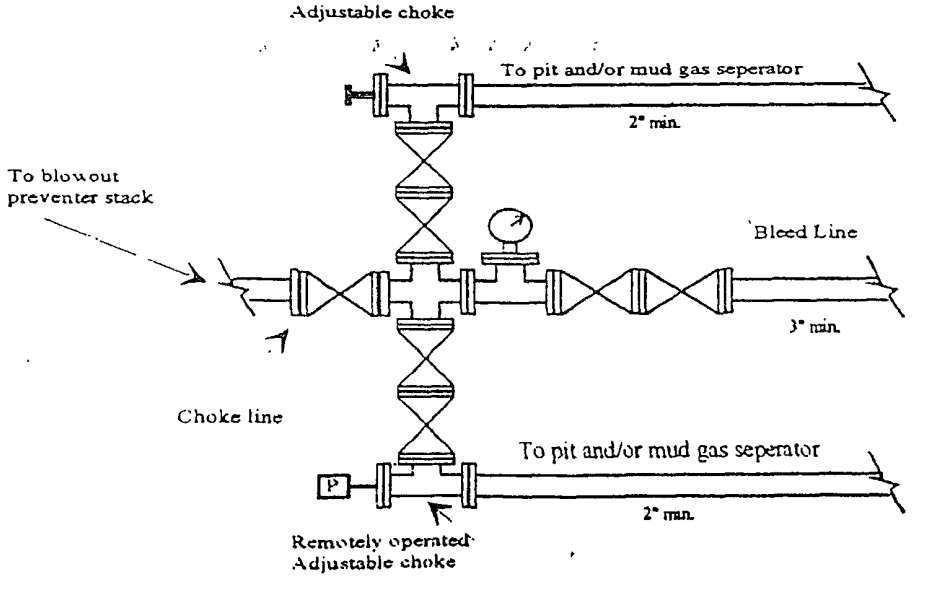
Yates Petroleum Corporation

Typical 5,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

YATES PETROLEUM CORPORATION
Cerros AQF Federal Com. #2H
310' FNL and 810' FEL SHL
330' FSL and 810' FEL BHL
Section 15, T18S-R29E
Eddy County, New Mexico Exhibit C-1



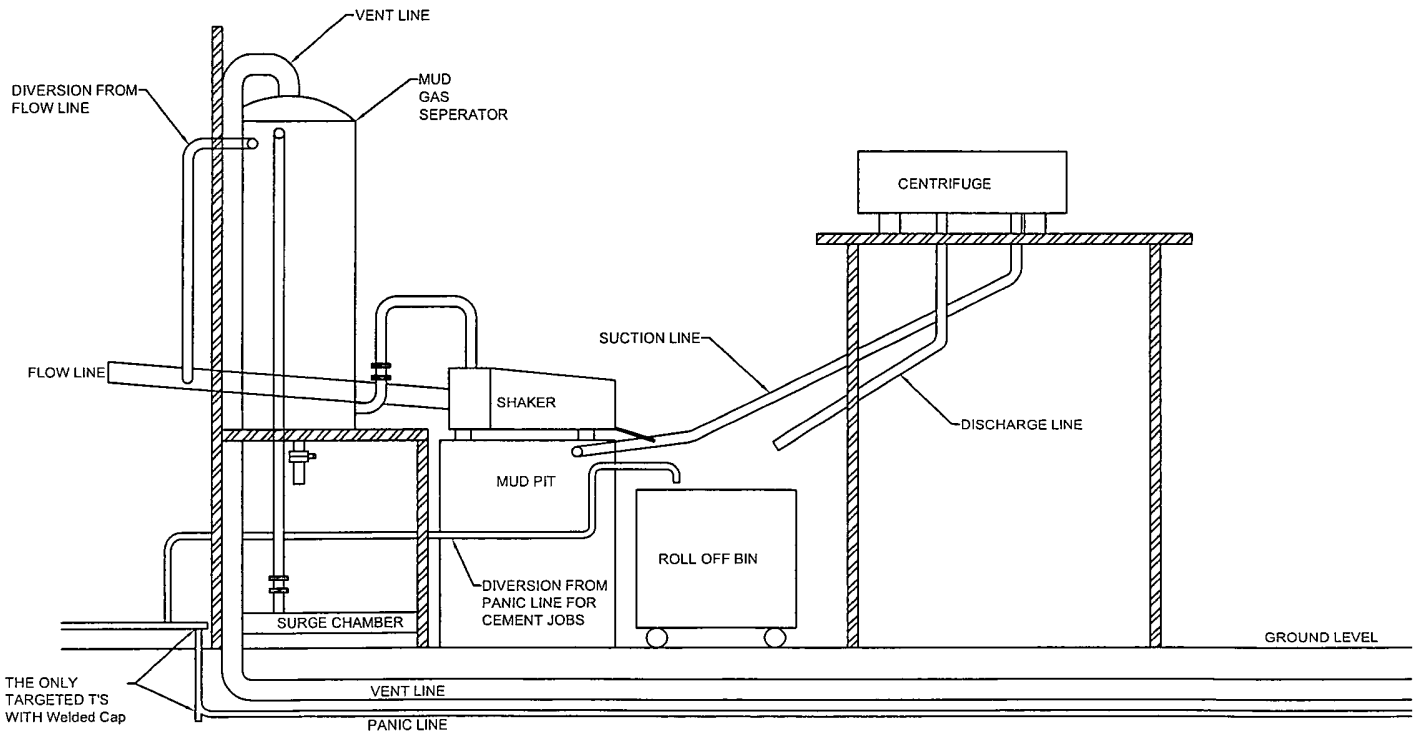
Typical 5,000 psi choke manifold assembly with at least these minimun features



YATES PETROLEUM CORPORATION
Cerros AQF Federal Com. #2H
310' FNL and 810' FEL SHL
330' FSL and 810' FEL BHL
Section 15, T18S-R29E
Eddy County, New Mexico Exhibit D

YATES PETROLEUM CORPORATION

Piping from Choke Manifold
to the Closed Loop Drilling Mud System



The flare discharge must be 100' from wellhead for non H2S wells and 150' from wellhead for wells expected to encounter H2S

Yates Petroleum Corporation

105 S. Fourth Street
Artesia, NM 88210

Hydrogen Sulfide (H_2S) Contingency Plan

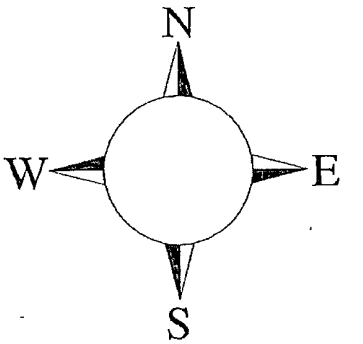
For

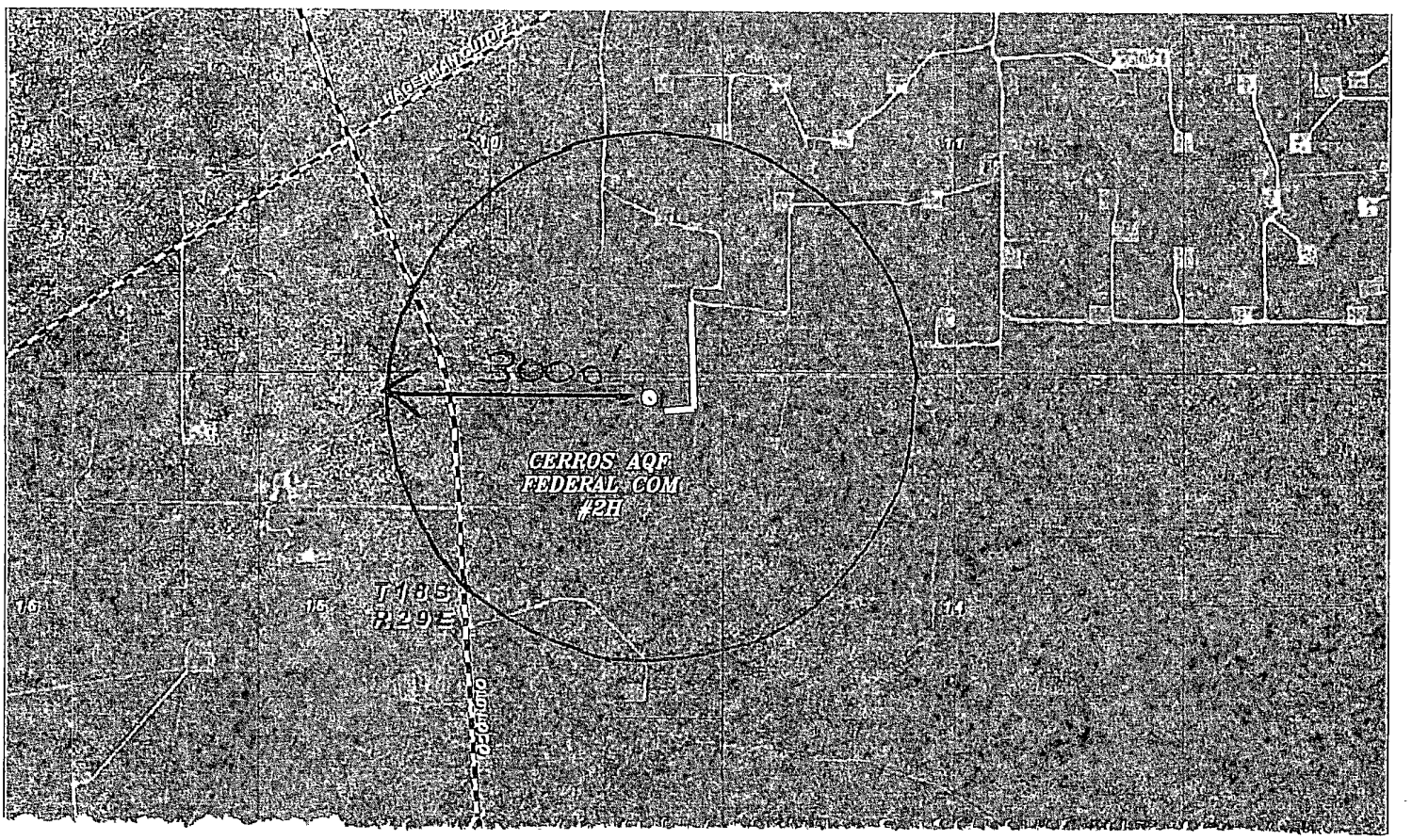
Cerros AQF Federal Com #2H

310' FNL and 810' FEL
Section 15, T-18-S, R-29-E
Eddy County, NM

Cerros AQF Federal Com #2H

This is an open drilling site. H_2S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H_2S, including warning signs, wind indicators and H_2S monitor.





Assumed 100 ppm ROE = 3000'

100 ppm H2S concentration shall trigger activation of this plan.

Emergency Procedures

In the case of a release of gas containing H_2S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H_2S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H_2S monitors and air packs in order to control the release. Use the "buddy system' to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO_2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentr-ation
Hydrogen Sulfide	H_2S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Yates Petroleum Corporation Phone Numbers

YPC Office ..... (575) 748-1471
Pinson McWhorter/Operations Manager ..... (575) 748-4189
Wade Bennett/Prod Superintendent ..... (575) 748-4236
LeeRoy Richards/Assistant Prod Superintendent (575) 748-4228
Mike Larkin/Drilling ..... (575) 748-4222
Paul Hanes/Prod. Foreman/Roswell ..... (575) 624-2805
Tim Bussell/Drilling Superintendent ..... (575) 748-4221
Artesia Answering Service ..... (575) 748-4302
(During non-office hours)

Agency Call List

Eddy County (575)

Artesia

State Police 746-2703
City Police 746-2703
Sheriff's Office 746-9888
Ambulance 911
Fire Department 746-2701
LEPC (Local Emergency Planning Committee) 746-2122
NMOCD 748-1283

Carlsbad

State Police 885-3137
City Police 885-2111
Sheriff's Office 887-7551
Ambulance 911
Fire Department 885-2111
LEPC (Local Emergency Planning Committee) 887-3798
US Bureau of Land Management 887-6544
New Mexico Emergency Response Commission (Santa Fe) (505)476-9600
24 HR ..... (505) 827-9126
New Mexico State Emergency Operations Center ..... (505) 476-9635
National Emergency Response Center (Washington, DC) ...(800) 424-8802

Other

Boots & Coots IWC ..... 1-800-256-9688 or (281) 931-8884
Cudd Pressure Control ..... (915) 699-0139 or (915) 563-3356
Halliburton ..... (575) 746-2757
B. J. Services ..... (575) 746-3569

Flight For Life -4000 24th St, Lubbock, TX ..... (806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX ..... (806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM ..... (505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM ..... (505) 842-4949

Yates Petroleum Corporation

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H2S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubular are to be used, personnel well be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H2S Drilling Operations Plan and H2S Contingency Plan.

There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operation Plan and the H2S Contingency Plan. **The location of this well does not require a Public Protection Plan.**

II. H2S SAFETY EQUIPMENT AND SYSTEMS

NOTE: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

1. Well Control Equipment:

A. Flare line

B. Choke manifold

C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit

D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

2. Protective equipment for essential personnel:

A. Mark II Survive Air (or equivalent) 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

A. 3 portable H2S monitors positioned at: Shale Shaker, Bell Nipple, and Rig Floor. These units have warning lights and audible sirens when H2S levels of 10 PPM are reached.

4. Visual warning systems:

A. Wind direction indicators as shown on well site diagram (attached).

B. Caution/Danger signs (attached) shall be posted on roads providing direct access to location. Signs will be painted with high visibility yellow with black lettering of a sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. Mud program:

A. The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

B. All elastomers used for packing and seals shall be H2S trim.

7. Communication:

A. Cellular communications in company vehicles.

B. Land line (telephone) communication at the Office.

8. Well testing:

A. There will be no drill stem testing.

EXHIBIT

DANGER

POISONS GAS

HYDROGEN SULFIDE

NORMAL OPERATIONS
(GREEN)

CAUTION POTENTIAL DANGER
(YELLOW)

DANGER POISONS GAS ENCOUNTERED
(RED) **AUTHORIZED PERSONAL ONLY.**
LOCATION SECURED.

1-575-746-1096
1-877-879-8899

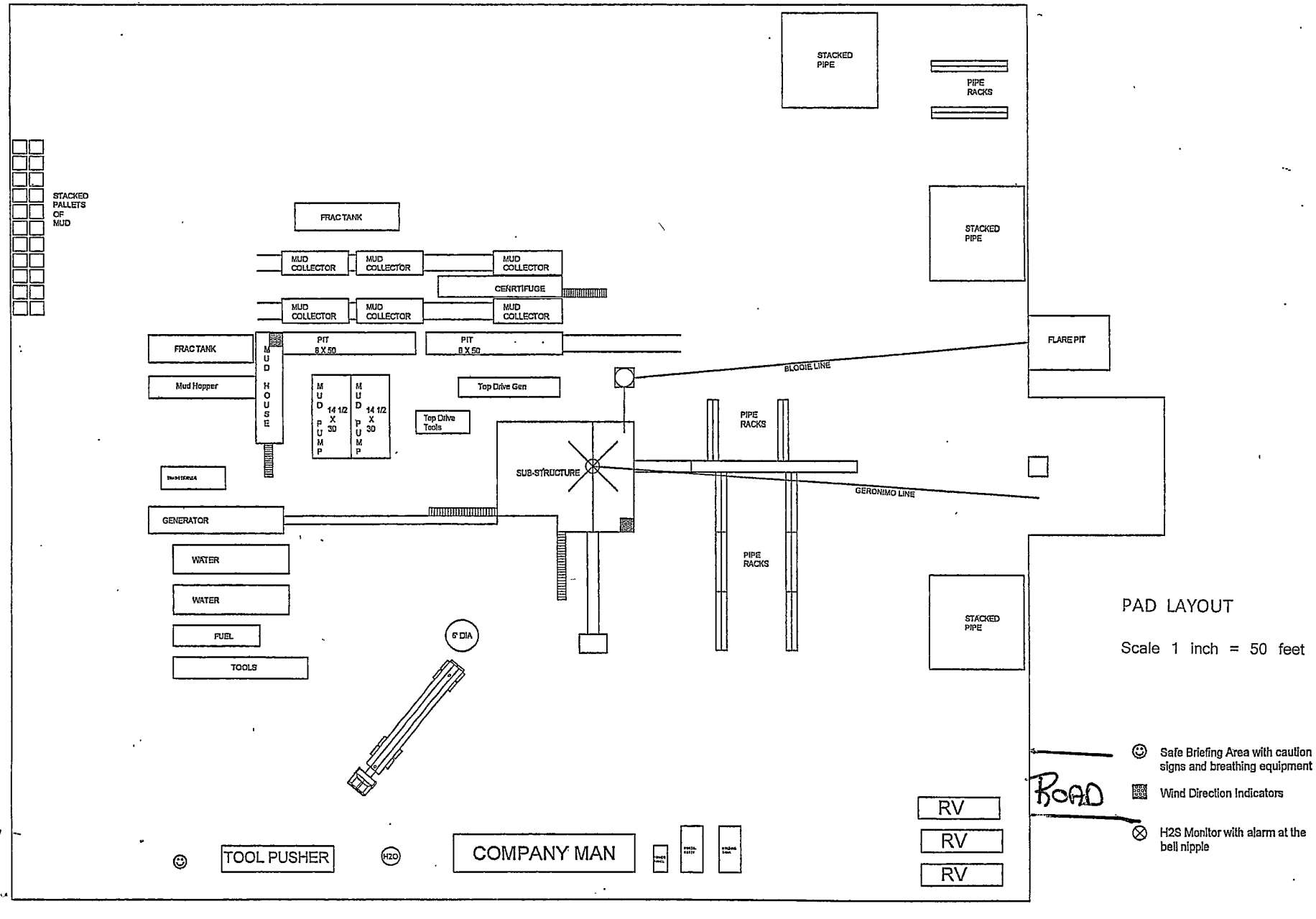
EDDY COUNTY EMERGENCY NUMBERS
ARTESIA FIRE DEPT. 575-746-5050
ARTESIA POLICE DEPT. 575-746-5000
EDDY CO. SHERIFF DEPT. 575-746-9888

LEA COUNTY EMERGENCY NUMBERS
HOBBS FIRE DEPT. 575-397-9308
HOBBS POLICE DEPT. 575-397-9285
LEA CO. SHERIFF DEPT. 575-396-1196

Cerros AQF Federal Com #2H

310' FNL and 810' FEL
Section 15, T-18-S, R-29-E
Eddy County, NM

Yates Petroleum Corporation



PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	YATES PETROLEUM CORPORATION
LEASE NO.:	NM0437524
WELL NAME & NO.:	2H CERROS AQF FEDERAL COM
SURFACE HOLE FOOTAGE:	310'/N & 810'/E.
BOTTOM HOLE FOOTAGE	330'/S. & 810'/E.
LOCATION:	Section 15, T. 18 S., R. 29 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.